

Message Text

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ACTION EA-14

INFO OCT-01 NEA-10 ISO-00 CIAE-00 DODE-00 PM-07 H-03

INR-10 L-03 NSAE-00 NSC-10 PA-04 RSC-01 PRS-01 SPC-03

SS-20 USIA-15 IGA-02 AID-20 EB-11 OMB-01 TRSE-00

COME-00 XMB-07 DRC-01 /144 W
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R 210235Z DEC 73

FM AMEMBASSY TOKYO

TO SECSTATE WASHDC 8877

INFO AMEMBASSY JIDDA

AMEMBASSY ABU DHABI

USINT CAIRO

C O N F I D E N T I A L TOKYO 16463

E.O. 11652: GDS

TAGS: EAID, JA, SA, EG, TC (ABU DHABI)

SUBJ: DEPUTY PRIME MINISTER MIKI'S VISIT TO MIDDLE EAST

REF: A. CAIRO 4103

B. TOKYO 15525

SUMMARY: FONOFF REPS HAVE GIVEN EMBASSY OPTIMISTIC REPORTS ON MIKI MISSION THUS FAR. MIKI NOW EXPECTS JAPAN WILL RECEIVE QTE FRIENDLY STATUS UNQTE. WITH RESPECT TO ECONOMIC ASPECTS OF TRIP, ABU DHABI AND SAUDI ARABIA HAVE INDICATED PRIMARILY INTEREST IN JAPANESE PRIVATE INVESTMENT AND IN TECHNICAL ASSISTANCE. IN RESPONSE TO EGYPTIAN REQUEST, GOJ HAS AGREED TO PROVIDE \$140 MILLION LOAN FOR SUEZ CANAL REOPENING AND IMPROVEMENT. EGYPT HAS ALSO REQUESTED \$150 MILLION COMMODITY LOAN WHICH WILL BE SUBJECT OF FURTHER DISCUSSION. END SUMMARY.

1. DURING BRIEF CONVERSATION DECEMBER 19, TANAKA, DIRECTOR GENERAL, MIDDLE EASTERN AND AFRICAN AFFAIRS BUREAU, FONOFF, TOLD CHARGE GOJ RELIEVED THAT TO DATE DEPUTY PM MIKI HAS NOT BEEN PRESSED BY OFFICIALS IN SAUDI ARABIA, ABU DHABI AND EGYPT
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FOR ADDITIONAL JAPANESE ACTION IN SUPPORT OF ARABS. TANAKA

ADDED THAT JAPAN WOULD HAVE GREAT DIFFICULTY IN MEETING SUCH A REQUEST, PARTICULARLY ONE CALLING FOR GOJ TO MAKE GOOD ON INDICATION IN NOVEMBER 22 STATEMENT THAT IT MIGHT HAVE TO RECONSIDER ITS POSITION VIS-A-VIS ISRAEL.

2. SUBSEQUENTLY, SAITO, HEAD, SECOND NORTH AMERICA DIVISION, TOLD ECON/COUNS THAT REPORTS FROM MIKI GROUP WERE OPTIMISTIC, ASSERTING THAT ARAB COUNTRIES HAD GIVEN WARM WELCOME AND SHOWED APPRECIATION FOR VISIT. SAITO ALSO REPORTED THAT MIKI EXPECTED JAPAN WOULD BE GIVEN QTE FRIENDLY COUNTRY UNQTE STATUS AT OAPEC FOREIGN MINISTERS MEETING. ARTICLES TO THAT EFFECT APPEARED IN PRESS DECEMBER 20.

3. DURING EARLIER CONVERSATION DECEMBER 19, KIKUCHI, ASST DIRECTOR GENERAL, ECONOMIC COOPERATION BUREAU, FONOFF, REVIEWED ECONOMIC ASPECTS OF MIKI TRIP WITH ECON/COUNS. KIKUCHI CONFIRMED THAT MIKI NOW DISCUSSING ECONOMIC COOPERATION MATTERS WITH ARAB COUNTRIES, BUT SAID THAT AID PROPOSALS DISCUSSED HAVE BEEN OUTSTANDING FOR SOME TIME.

4. DURING MIKI VISIT TO ABU DHABI, ACCORDING KIKUCHI, AID WAS DISCUSSED, BUT ABU DHABI SEEMS INTERESTED IN JAPANESE PRIVATE INVESTMENT IN VARIOUS PROJECTS AND IN TECHNICAL ASSISTANCE, RATHER THAN GOVERNMENTAL LOANS OR GRANTS.

5. KIKUCHI SAID THAT SAUDI ARABIA ALSO INTERSTED IN NUMEROUS PROJECTSON A COMMERCIAL BASIS, AND THESE WERE DISCUSSED DURING MIKI VISIT. MIKI ALSO CONVEYED TO SAUDIS GOJ WILLINGNESS TO ACCEPT 100 SAUDI TRAINEES IN JAPAN AT GOJ EXPENSE.

6. WITH RESPECT TO QUESTION OF AID TO EGYPT, KUKUCHI STATED THAT UNCERTAIN STATE OF EGYPTIAN ECONOMY CONSTITUTED CONSTRAINT ON EXTENT TO WHICH GOJ WOULD BE FORTHCOMING IN MEETING EGYPTIAN REQUESTS. IN THAT CONNECTION HE FIRST MENTIONED GOJ'S UNDERSTANDING THAT EGYPT WILL FINANCE ABOUT \$100 MILLION OF COSTS OF SUEZ PIPELINE PROJECT, LEADING SOME WITHIN GOJ TO QUESTION NECESSITY OF PARTICIPATING IN SUEZ CANAL PROJECT. SECONDLY, HE REFERRED TO EGYPT'S EARLIER DEFAULT ON DEBTS TO GOJ. AS RESULT OF THAT, KUKUCHI SAID, JAPANESE EXIMBANK CEASED GRANTING CREDITS FOR A TIME, AND DEBT

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RESCHEDULING AGREEMENT NOT REACHED UNTIL FEW MONTHS AGO AFTER LONG AND DIFFICULT NEGOTIATIONS.

7. DESPITE FOREOGING, GOJ HAS AGREED TO PROVIDE \$140 MILLION, I.E. HALF OF FOREIGN CURRENCY COST, FOR SUEZ CANAL PROJECT (ONE FOR WHICH EGYPT HAD BEEN PRESSING GOJ FOR ASSISTANCE SINCE BEFORE OCTOBER WAR, ACCORDING TO KIKUCHI). IN ADDITION, EGYPTIANS HAVE REQUESTED COMMODITY LOAN OF \$150 MILLION

(\$50 MILLION ANNUALLY FOR THREE YEARS), PRIMARILY FOR STEEL, FERTILIZER AND PETROCHEMICAL PRODUCTS. KIKUCHI STATED THIS REQUEST UNDER CONSIDERATION, BUT IMPLIED THAT REQUESTED AMOUNT WAS FAR ABOVE ANYTHING GOJ WOULD AGREE TO. HE ALSO MENTIONED DIFFICULTY POSED BY WORLD-WIDE SHORTAGE OF COMMODITIES DESIRED BY EGYPTIANS (HENCE, IN RESPONSE TO ECON/COUNS' SUGGESTION, UNTYING WOULD NOT HELP).
SHOESMITH

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